

BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of ) File No.: 933-0197  
 )  
HEALTHDENT OF CALIFORNIA, INC. )  
 ) CEASE AND DESIST ORDER  
 )

To: HEALTHDENT OF CALIFORNIA, INC. ("Plan")  
2848 Arden Way, Suite 100  
Sacramento, CA 95825

I.

Health and Safety Code section ("H&S Code") 1375.1(a)(1)  
states in relevant part:

"Every plan shall have and shall demonstrate to the  
commissioner that it has all of the following: (1) A  
fiscally sound operation and adequate provision against the  
risk of insolvency."

Title 10, California Code of Regulations, section  
1300.75.1(a) states in relevant part:

"(a) A plan shall demonstrate fiscal soundness and  
assumption of full financial risk as follows: (1)  
Demonstrate through its history of operations and through  
projections (which shall be supported by a statement as to  
the facts and assumptions upon which they are based) that  
the plan's arrangements for health care services and the  
schedule of its rates and charges are financially sound,  
and provide for the achievement and maintenance of a  
positive cash flow, including provisions for retirement of  
existing and proposed indebtedness. (2) Demonstrate that  
its working capital is adequate, including provisions for  
contingencies. (3) Demonstrate an approach to the risk of  
insolvency which allows for the continuation of benefits  
for the duration of the contract period for which payment  
has been made..."

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1 CALIFORNIA, INC., IS TO CEASE AND DESIST from paying or  
2 transferring to any owner or affiliate (including employees  
3 related to the owners) of the Plan, any assets of the Plan  
4 except for an amount equal to their usual and customary  
5 compensation pursuant to currently existing employment  
6 agreements, administrative services contracts, or personnel  
7 policies.

8 V.  
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10 This order shall be **EFFECTIVE IMMEDIATELY** and shall  
11 continue in full force and effect **UNTIL FURTHER ORDER OF THE**  
12 **COMMISSIONER.**

13 Dated: July 9, 1999, at Sacramento, California  
14

15 WILLIAM F. KENEFICK  
16 ACTING COMMISSIONER OF  
17 CORPORATIONS  
18

19 By \_\_\_\_\_  
20 Christopher Nuechterlein  
21 Assistant Commissioner,  
22 Health Plan Enforcement Division  
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